



BUDGET PLANNING

A BIBLICAL PERSPECTIVE

*“In the house of the wise are stores of choice food and oil, but a foolish man devours all he has.”
Proverbs 21:20*

“Success” is generally defined in terms of income and lifestyle, but in God’s eyes, these things are less important.

How we spend or give our money speaks volumes about our priorities and our belief system. If we believe that God is the *owner* of everything and we are merely *stewards*, then, in reality, every spending decision ought to be a spiritual one. For example, there is nothing more or less spiritual about giving a tithe than spending money on say, a holiday.

Whilst the Bible offers no clear-cut direction regarding spending levels, our spending habits can enhance (or limit) our ability to avoid debt, give generously, achieve our God given goals and follow God’s leading in many other areas of our lives. It is critical to allow God into the centre of our budget management process as we have already read that everything belongs to him.

BUDGET PLANNING RESPONSIBILITY

The Five Uses of Money

There are only five ways in which we can use our money:



Scripture teaches us that it is our responsibility to allocate resources to each of the above areas:

- **Giving** “On the first day of every week, each one of you should set aside a sum of money in keeping with his income, saving it up, so that when I come no collections will have to be made.” **1 Corinthians 16:2**
- **Taxes** “Then give to Caesar what is Caesar’s, and to God what is God’s.” **Luke 20:25b**
- **Debt Repayment** “The wicked borrow and do not repay, but the righteous give generously.” **Psalms 37:21**
- **Living Expenses** “In the house of the wise are stores of choice food and oil, but a foolish man devours all he has.” **Proverbs 21:20**
- **Savings** “Go to the ant, you sluggard; consider its ways and be wise! It has no commander, no overseer or ruler, yet it stores its provisions in summer and gathers its food at harvest.” **Proverbs 6:6-8**

Key Questions to Consider

- Do you know where all of your money goes?
- Do you truly believe that God is providing your income or wealth?
- Does your money go towards your God-given goals?
- Are your goals based on faith or on your own ability to accomplish them?
- Have you established a budget?
- Do you have surplus income?
- Why do you believe God has given you the surplus you have?
- Would you consider establishing a lifestyle or investment *finishing line* and giving away the money you earn above and beyond that amount?
- Have you allocated your assets (sequential investing)?

*Picture yourself before God, giving an account of the resources He has entrusted to you.
Would He say, "Well done, good and faithful servant"?
Matthew 25:23*

ESTABLISHING A BUDGET

The Basics

Traditionally, the best way to accomplish long-term goals is to establish a budget in order to generate a *surplus*. This involves controlling your budget. The key principle is:

Spend less than you earn!

Budget Control Systems - Establishing a Budget and then Managing it

Benefits to You

Establishing a budget is the first step to being in control of your finances and understanding where your money goes. This process is likely to have a number of benefits, as it will allow you to:

- Assess your current spending habits and patterns (expenditure);
- Make accurate predictions of your future income needs e.g. in retirement or future protection needs;
- Ensure that your actual spending aligns with your predetermined priorities;
- Build liquidity so you will be prepared for emergencies / protect against unpleasant surprises;
- Assess the surplus that is available for you to save for the achievement of future goals;
- Make informed decisions;
- Be in control of your finances, instead of them being in control of you!

Suggested Approach

There is more than one system of managing your finances. The key to effectively controlling your budget is to select a system that works for you and stick with it! Trinity Wealth Management Ltd recommends that broadly, you adopt the following approach. With married couples it is always recommended that this is done together:

1. Monitor and write down your existing expenditure over a reasonable period (3-12 months);
2. Prayerfully consider the findings of this exercise to determine your future spending priorities;
3. Set yourself a target expenditure that meets these priorities – this forms the basis of your budget;
4. Monitor your actual expenditure to ensure that your spending habits match your spending priorities i.e. budget!

SPENDING PLAN SYSTEMS

THE ENVELOPE SYSTEM

The basic idea in establishing a spending plan is to *pigeon-hole* various items of expenditure. To illustrate how this works, it is a bit like keeping all of your weekly or monthly expenditure as cash in envelopes for food, entertainment, clothes etc. Once the cash in one envelope runs out you know that you have exhausted your budget in that particular area. This is not to say that you can't spend more in a given week/month on this area. However, this can only be done at the expense of another area of your spending plan.

Record Keeping Systems

Rather than keeping the actual cash in an envelope, you could record the predetermined (budgeted) amount and then subtract the actual expenses whether paid by cash, cheque, debit card, credit card or direct debit. This may be done in the way that best suits you e.g.

- Use a sheet of paper for each month;
- Use a notebook or ledger;
- Use a computer software program, such as Quicken or Microsoft Money.

Helpful Hints

- Only record expenditure after regular fixed direct debits (e.g. insurance premiums, mortgage payment, utility bills, regular savings, regular giving etc.).
- Set an appropriate, realistic level of detail. For some people, broad categories are sufficient (living expenses, giving, and major expenses). For others, it can be helpful to subdivide these categories as it allows them to better monitor and control discretionary expenses. We have this available for you to complete
- Persevere. Although at first the process may be painful, it will become easier and will deliver tangible benefits.
- Couples - don't make the implementation of your spending plan the responsibility of just one of you. Ultimately this could breed discontentment and may be unhealthy for your relationship. To make it work it requires your joint, ongoing commitment.
- Try using cash for a while – for everything that you can use cash for. Our experience is that your spending can fall by up to one third if you use cash over a period of time.
- Work top down once a budget has been set. We would be happy to explain what is meant by this and discuss the process with you at a meeting.

Trinity's Role

The role of Trinity Wealth Management is to give you the tools to work out your budget and then help you to use the right system to manage it. Once an expenditure budget has been determined, this will then be used as a base for all the other planning work. It is also to help you prioritise how you should allocate your income in order to achieve your goals.

WHAT THE BIBLE SAYS

Scriptural Insights on Budget

“On the first day of every week, each one of you should set aside a sum of money in keeping with his income, saving it up, so that when I come no collections will have to be made.” **1 Corinthians 16:2**

“Then give to Caesar what is Caesar’s, and to God what is God’s.” **Luke 20:25b**

“This is what the Lord Almighty says: “Give careful thought to your ways. You have planted much but harvested little. You eat, but never have enough. You drink, but never have your fill. You put on clothes but are not warm. You earn wages, only to put them in a purse with holes in it.”

Haggai 1:5-6

“The wicked borrow and do not repay, but the righteous give generously.” **Psalms 37:21**

“If anyone does not provide for his relatives, and especially for his immediate family, he has denied the faith, and is worse than an unbeliever.” **1 Timothy 5:8**

“Go to the ant, you sluggard; consider its ways and be wise! It has no commander, no overseer or ruler, yet it stores its provisions in summer and gathers its food at harvest.” **Proverbs 6:6-8**

“In the house of the wise are stores of choice food and oil, but a foolish man devours all he has.”

Proverbs 21:20

“But you shall remember the Lord your God for it is He who gives you the ability to produce wealth.”

Deuteronomy 8:18

“Commit to the Lord whatever you do, and your plans will succeed.” **Proverbs 16:3**

“In his heart a man plans his course, but the Lord determines his steps.” **Proverbs 16:9**

“Command those who are rich in this present world not to be arrogant nor to put their hope in wealth, which is so uncertain, but to put their hope in God, who richly provides us with everything for our enjoyment. Command them to do good, to be rich in good deeds, and to be generous and willing to share.” **1 Timothy 6:17-18**

“John answered, ‘The man with two tunics should share with him who has none, and the one who has food should do the same.’” **Luke 3:11**